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Taiwan

Retail Food Sector

Supermarket Trends

2005

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Report Highlights:

Competition and consolidation among Taiwan's supermarkets fiercely continue. CEO of Wellcome Supermarket Taiwan said that the large chains will become larger, and the small chains are getting more difficult to survive. With 165 outlets, Wellcome continues to take a market leading position in Taiwan.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Taipei ATO [TW2]
[TW]

On November 16, 2005, ATO Taipei met with the CEO of the Wellcome Supermarket Chain in Taipei. Wellcome is currently Taiwan's largest supermarket chain with a network of 165 stores in Taiwan. In 2003, Wellcome launched its first "Jasons Market Place" store at the Taipei 101 Mall, next to the world's tallest building. Jasons Market Place is a new supermarket store format in Taiwan, catering to the needs of city dwellers with high-end, imported foods. A third Jasons Market Place store in Kaohsiung, Southern Taiwan, is scheduled to open on December 8, 2005. Wellcome Taiwan is 100% owned by the Dairy Farm International Holdings Limited, a member of the Jardine Matheson Group.

Our interlocutor indicated that Taiwan's supermarket industry continues its strong competition phase, adding that the large chains will become larger, and the small chains are getting more and more difficult to survive. According to him, the imported goods from the United States account for about 5 percent of the total area in Wellcome stores and more than 10 percent in Jasons Market Place, adding that Japanese goods are still the most popular among imported goods. Due to being colonized by Japan for 50 years, Taiwan consumers' taste and shopping patterns are still heavily influenced by Japan.

When asked about the current position of the traditional wet markets, he said that wet markets would never dry up in the long run. They provide not only freshness and lower prices, but also importantly personal contacts. To conform to consumers' preference for this shopping environment, Wellcome stores have recently seen changes in operation, for example, more fresh unpacked fruits are displayed at the shelves for free selection. Sales of imported goods in traditional markets should not be overlooked. An estimated 55 percent of imported fruit from the United States is sold in wet markets island-wide.

He indicated that it has been proven that western or Japanese style management will be preferred more and more in Taiwan. He took the Taiwan/Japan joint venture, Mitsukoshi Department Store, the leading department store chain in Taiwan, as an example. To adopt foreign management techniques should be a key to success for Taiwan's retail stores.